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ABSTRACT

Recent studies profiling the United States' current and future work force have identified significant changes in work force demographics, immigration patterns, economic structure, the education-employment connection, and company training investments. Among the specific changes and trends that have been identified are the following: (1) the percentages of females and minorities in the U.S. work force are increasing; (2) jobs in the nonmanufacturing sector and professional specialities are increasing; (3) cognitive and "people" skills are becoming increasingly important and are increasingly determining earnings potential; (4) downsizing is displacing fewer blue-collar workers but more white-collar workers; (5) displaced workers receiving retraining are more likely to return to the work force; (6) the numbers of small and midsized firms are increasing, and approximately 80% of all employment is now in establishments with fewer than 500 employees; (7) although the likelihood of remaining in the same occupation has remained level, the likelihood of staying with the same employer or industry has declined; (8) individuals receiving occupation-specific training earn 10-40% more than their counterparts, depending on the level of training; (9) transition to more "stable" employment situations occurs more quickly as education increases; and (10) job skill requirements are increasing rather than decreasing. (Contains 13 tables/figures.) (MN)

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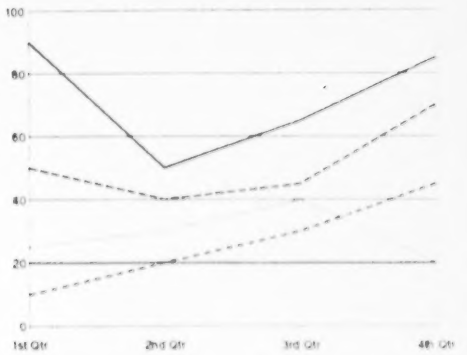
NATIONAL ALLIANCE OF BUSINESS

Spring 1996

WORKFORCE DEVELOPMENT TRENDS



ED 403 405

The American workplace is undergoing a rapid revolution affecting the way people work today, how they are prepared for today's workforce and how they are trained and retrained throughout their work life.

The National Alliance of Business is responding to these changes and has prepared Workforce Development Trends to provide you with the information and tools necessary to succeed in today's global economy.

Our ability to respond to these changes, to adequately educate and train workers today, will impact the quality of life for all Americans.

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Workforce Development Trends **is a compilation prepared by the Alliance of recent research profiling our nation's current and future workforce. The information --- statistics, facts and demographics --- highlighted in** ***Workforce Development Trends*** **is intended to help advance efforts to build a quality workforce.**

Alliance members will receive this updated information quarterly on workforce development and education trends. Further analysis and information on the state of the American workforce are provided through the Alliance's monthly newsletters --- ***WorkAmerica, Workforce Economics*** **and** ***Legislative Update.***

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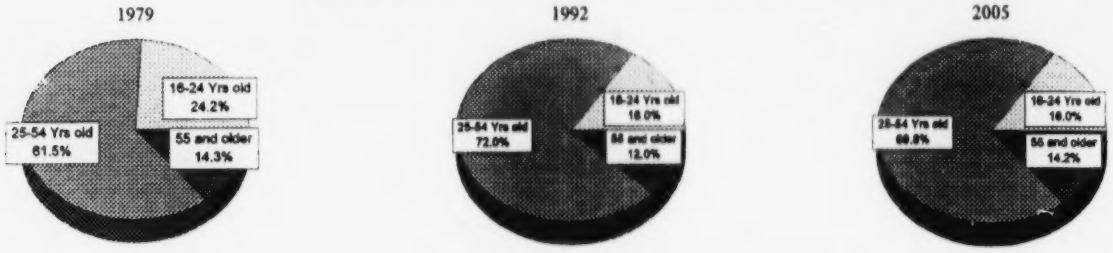
Status of the Workforce

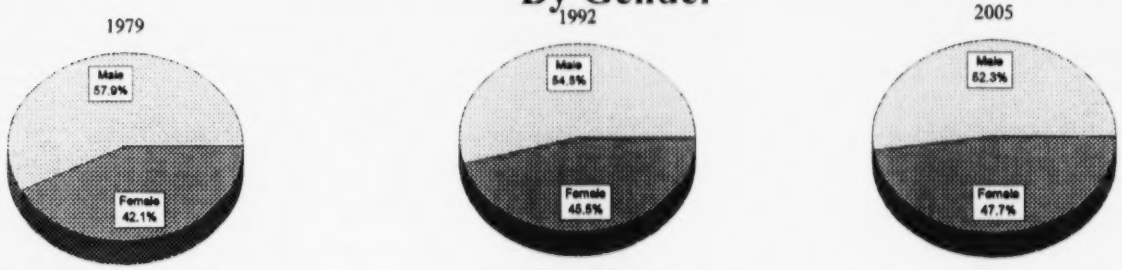
Changing Demographics . . .

Age Distribution of the Workforce, 1979-2005

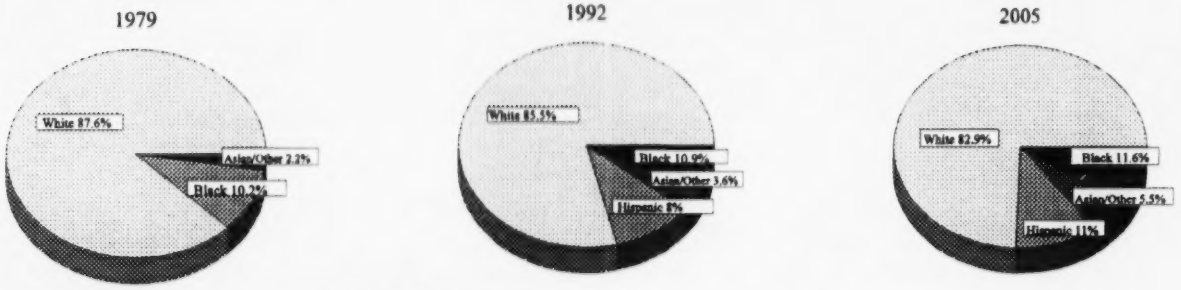


A More Diverse Workforce

By Gender



By Race



Immigration is Increasing and Changing.

Total Immigrants by Region of Birth, 1960-90

Region	1960	% Total in 1960	1970	1980	1990	% Total in 1990
Europe	138.8	52.3%	116.0	72.1	112.4	7.3%
Asia	25.0	9.4	94.9	236.1	44.5	22.0
Africa	2.3	0.9	8.1	14.0	35.9	2.3
Canada	31.0	11.7	13.8	13.6	16.8	1.1
Latin America	67.1	25.3	137.3	190.9	1026.6	66.8
Other	1.2	0.5	3.2	4.0	6.2	0.4
Total	265.4	100.0	373.3	530.6	1536.5	100.0

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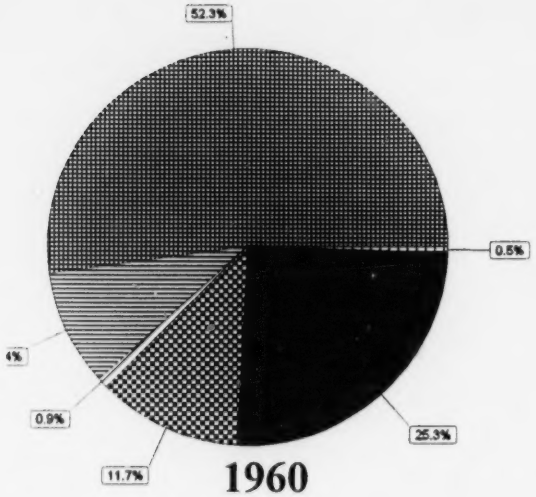
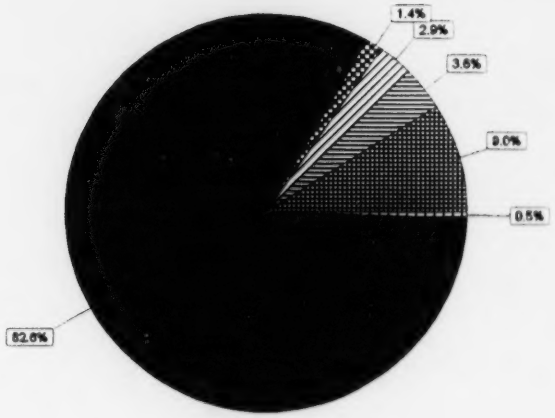
Immigration Profile

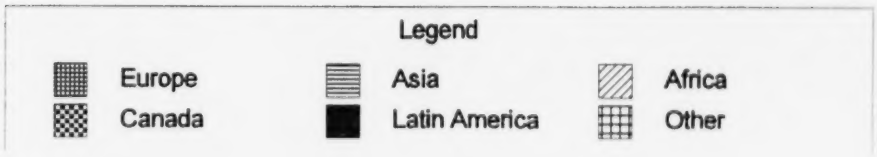
1960 vs. 1990



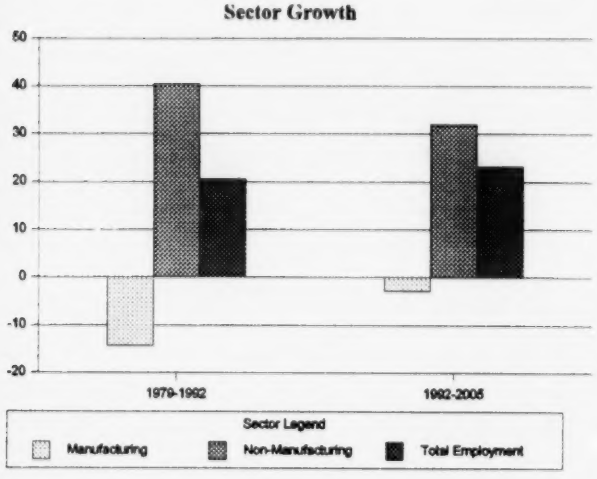
1960

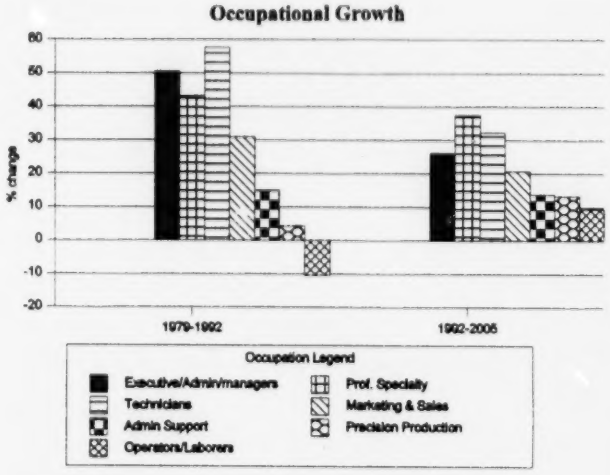


1990



An Evolving Economic Structure . . .





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Skill requirements are changing.

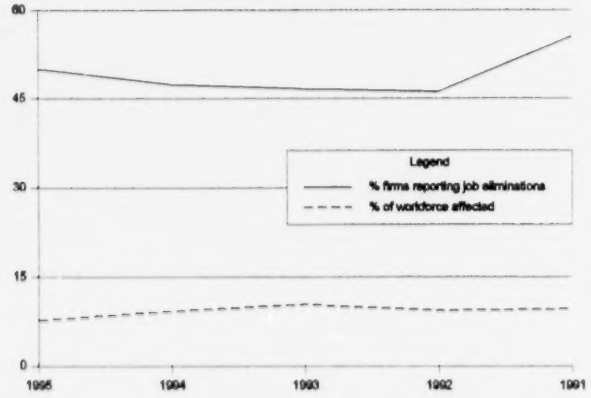
Cognitive and "people" skills are more important to employers

Skill Requirement	Percent Change in importance 1970-1990
Cognitive Skills	11.0%
People Skills	18.9
Motor Skills	-4.5

Cognitive skills determine earnings potential. Cognitive skills are an important predictor of increased earnings for high school graduates. And the importance of these skills has grown over time as noted above. However, only half of the nation's high school graduates have mastered these skills.

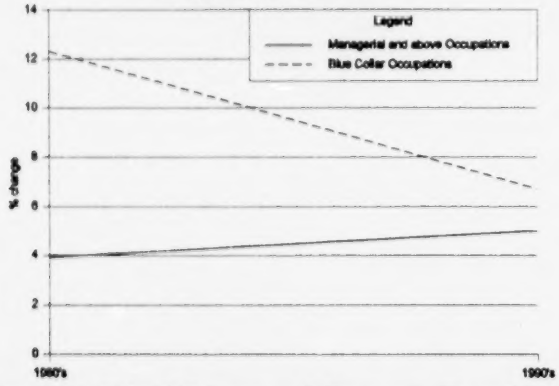
Downsizing Is a Reality.

Downsizing Trends



Mix of Jobs Affected by Downsizing is Changing.

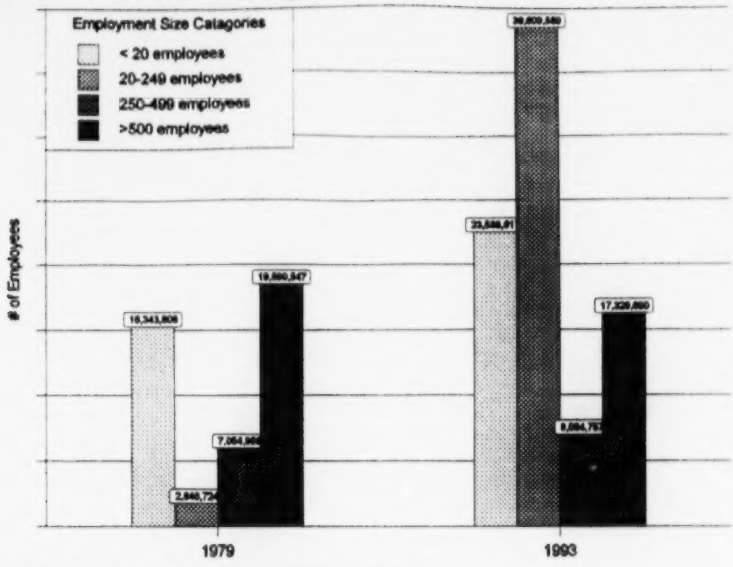
Displacement Rate



Retrained Workers Return to Workforce and Recoup Earnings.

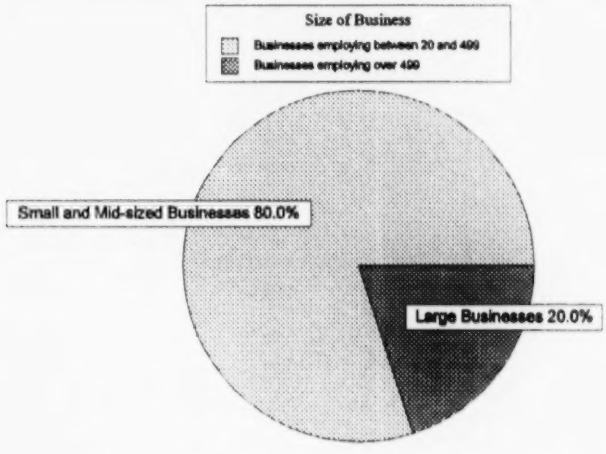
Workers receiving retraining assistance are more likely to return to the workforce and return to their prior earnings levels. Over 81 percent of the retrained workers surveyed returned to the workforce, and these workers returned to their prior earnings level.

Small and Mis-sized Firms are Growing



Most Jobs are in Small and Mid-sized Businesses.

About eighty percent of all employment is in establishments with less than 500 employees.


Size of Business
Businesses employing between 20 and 499
Businesses employing over 499
Small and Mid-sized Businesses 80.0%
Large Businesses 20.0%

The likelihood of remaining in the same occupation has remained level. Staying with the same employer or even in the same industry has declined.

	% of Workers Staying:	
	1970s	1980s
Within same occupation	68%	68%
Within same industry	63	59
With same employer	67	52

The Education and Employment Connection...

Occupation-specific training pays.

High school graduates with vocational training earn 10 percent more compared to high school graduates in non-vocational programs. For workers with some college, the wage premium for vocational education was 16 percent; for college graduates the wage premium is over 40 percent.

More Jobs Will Require Education Beyond High School.

% of jobs requiring education beyond High School in 1983 and 2005:

1983: 31 percent of all jobs require education beyond high school
2005: 51 percent of all jobs will require education beyond high school

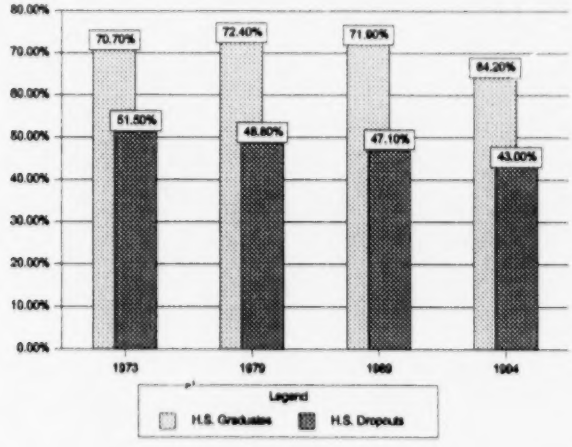
Community Colleges Important Provider of Education and Training Services.

% Change in College Enrollment From 1970-94:

2-year colleges	+140 %
4-year colleges	+ 40 %

Move from School-to-Work for High School Dropouts is Declining.

Employed % of Recent H.S. Graduates and Dropouts



Transition Into more "stable" Employment Situation Occurs More Quickly as Education Increases.

It takes seven years for more than half of high school graduates to hold a job lasting three or more years. In contrast, it takes only four years for more than half of college graduates to hold a job lasting three or more years.

Shifts in Company Training Investments...

Firms Are "Up-skilling" Rather Than "De-skilling" Jobs.

	Percent of Firms in 1994
Up-skilling Jobs:	57 %
No Change in Skills Requirements:	39
De-skilling Jobs:	5

Workforce Training Improves Productivity and Profits.

Over 70 percent of the firms increasing investments in training report improvements in productivity and profits. In contrast 40 percent of firms decreasing investments in training report an improving productivity and profit picture.

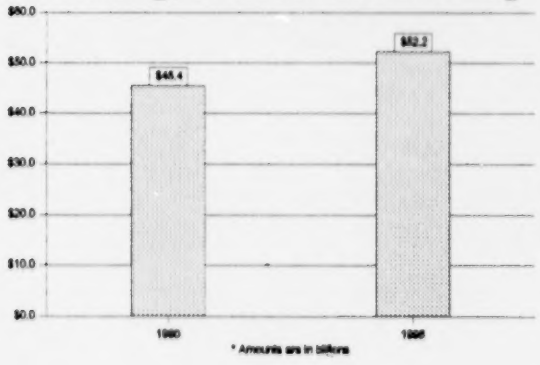
Investments in Physical Capital Drive Education and Training Investments.

A positive relationship between physical capital investments and human capital investments is evident. For many companies, investing in physical capital leads to increasing investments in education and training.

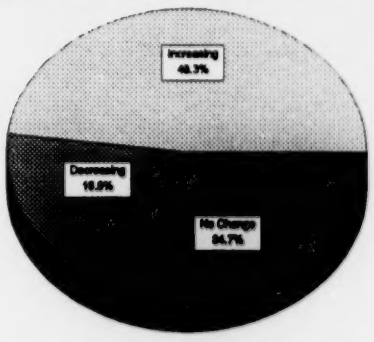
Equipment Suppliers or Vendors are an Important Training Supplier.

Over 50 percent of firms surveyed used equipment suppliers as training suppliers. Thirty-six percent report using private consultants, 30 percent report using community colleges, and 20 percent report using four year colleges/universities. Only 12 percent used government-funded training programs.

Training Investments are Increasing



Employers are Increasing Training

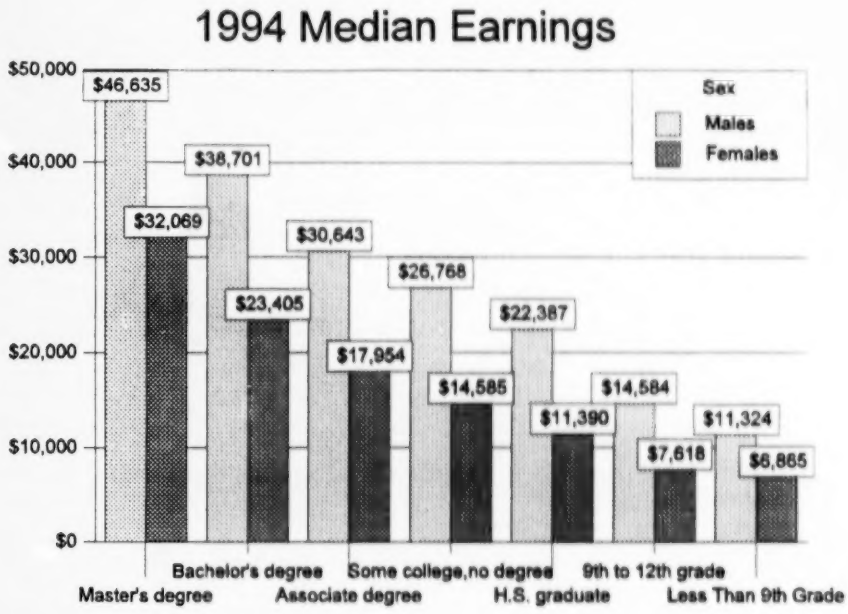


Percentage of Firms in 1994

OTHER NOTEWORTHY DOMESTIC TRENDS

Earnings Directly Tied to Education

Increased educational attainment increases earnings. Education is a stepping stone to improved earnings for both males and females.



Corporations Invest More in Educating and Training More Employees

In 1995, corporate training budgets totaled about $52 billion representing a 15 percent increase from the level reported in 1990. Over 41 percent (approximately 46 million) of employees reported receiving skill training from their employer in 1991, up from 36 percent in 1983. (Source: Training Magazine, Annual Industry Report).

More Corporations Establish Universities

We are witnessing dramatic growth in corporate "universities" with well over 1,000 in existence now up, from 400 in 1989. (Source: Jeanne C. Meister, Quality Dynamics Inc.)

Companies Experimenting With Outsourcing Training

About 30 percent of the annual expenditure for training by U.S. companies goes to outside providers. Companies are experimenting with these outsourcing strategies: keeping training design inside and outsourcing development and delivery; using cost-benefit analysis to select training providers; forming alliances with junior colleges, universities, and training companies; pooling training resources across companies; and forming partnerships with a vendor to share resources. (Source: Charles Bent, NYNEX Training and Education.)

More Employers Turning to Temporary Services

Total payroll for professionals and managers employed by temporary services companies has tripled from $335 million in 1991 to $1.02 billion in 1994. (Source: American Management Association).

Quote of Note . . .

"The fastest growth industry in the U.S. will soon be the continuing education of adults because things are changing so fast in every field and occupation." -- Peter Drucker, Author and Business Management Consultant --